



What future can we shape
through collaboration?

EY Japan Integrated Report 2024



The better the question. The better the answer.
The better the world works.

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Our purpose

Building a better working world

The insights and quality services we provide help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all our stakeholders. We develop outstanding team leaders to deliver on our promises to all our stakeholders.



Our values

Our values define who we are and provide the starting point for all our actions and activities.

Our values

People who demonstrate integrity, respect, teaming and inclusiveness

People with energy, enthusiasm and the courage to lead

People who build relationships based on doing the right thing



Editorial policy

Building a better working world

The EY purpose of "Building a better working world" lies at the heart of all decision-making by EY people since its adoption in 2013.

In an era of constant change and difficulty anticipating what lies ahead, EY remains committed to achieving a positive impact on society by leveraging our global network and working closely with our stakeholders, building on this foundation of our Purpose.

Creating long-term value

In 2017, EY collaborated with the Coalition for Inclusive Capitalism*¹ on the Embankment Project for Inclusive Capitalism (EPIC) to establish and announce EPIC metrics, which are for both measuring and reporting on activities that create long-term value (LTV)*² for companies. EY Japan has published Integrated Reports since 2021, in our aim to fulfill our responsibility of joining other companies' efforts of creating LTV and sharing it with stakeholders. This year sees the fourth edition of our annual Integrated Report, where we have focused on the topic of collaboration, cooperation and beyond. Throughout the report, we reflect on our journey over the past year through the lens of our EY values, which have long been embedded and defined in our organization - just as our purpose has. In FY25, EY launched a new global strategy with our new organizational framework. Independently of these changes, we are committed to Building a better working world in a never-ending journey. We hope that this Integrated Report serves as a resource for both our stakeholders and all readers to understand what we value as an organization, as well as our approach to supporting our clients and wider society. EY is committed to making steady progress to a better future while also pausing and reflecting on the significance and objectives of each of our initiatives.

Makoto Enomoto

EY Japan Chief Branding Officer

*1 coalitionforinclusivencapitalism.com

*2 Long-term value (LTV) framework

Entities covered in this report

EY Japan

EY Japan refers to the member of EY in Japan. EY Japan includes Ernst & Young ShinNihon LLC, Ernst & Young Tax Co., and EY Strategy and Consulting Co., LTD. Each of these firms is a separate legal entity. For more information, please visit ey.com.

*Where appropriate, includes EY data globally

Period covered

FY24(July 2023 through June 2024)

Where appropriate, includes periods before or after the above to exemplify historical facts, data or recent events. EY's fiscal year begins in July and ends in June of the following year.

*FY24 covers the period from July 2023 to June 2024

Notes on forward-looking statements

Performance forecasts and other forward-looking statements in this report include forecasts and plans based on assumptions and projections as of the date of publication of this report, and EY Japan does not guarantee their achievement. Actual results may differ materially from these statements due to various factors in the future.



CEO Message

Our purpose and values shared across all EY member firms empower our high-quality services to resolve increasingly complex client issues and contribute to wider society

Moriaki Kida
EY Japan Chairperson & CEO
EY Japan Regional Managing Partner

A handwritten signature in black ink, appearing to read "Moriaki Kida".

What we can do for a sustainable society in an era of polycrisis

Today, we are confronted by a multitude of global risks: climate change; increasing and intensifying abnormal climatic conditions; deepening geopolitical tensions in Ukraine, the Middle East and other regions; soaring energy and food prices; and economic issues such as disruptions to supply chains. As discussed in the World Economic Forum 2023, we are on the brink of a polycrisis - an intertwined cluster of risks which compounds their individual effects.

Each risk is related to the others in some way, and a separate, case-by-case approach to resolve these individual risks could potentially have the side effect of intensifying other risks. In these conditions, individual organizations - including companies, governments, and international or educational institutions - should not adopt an approach to resolve their challenges alone; they must collaborate with stakeholders in various sectors and industries to pursue a sustainable society that is a peaceful and comfortable environment.

More recently, a company's approaches to environmental and social issues through the lens of sustainability has also become a hot topic for discussion. As a society, we have also reached a significant turning point in relation to governance, one of the three pillars of the Environmental, Social and Governance (ESG) framework.

Many Japanese companies operating globally have typically approached the governance of their domestic and overseas subsidiaries separately. This is particularly true for overseas subsidiaries acquired in M&A; Japanese companies have intervened little in the subsidiaries' existing internal systems or corporate culture, and limited imposing governance from their head offices. However, today, the perception of governance is moving towards a situation where, ideally, a company shares a corporate purpose across its entire group, including overseas subsidiaries. In turn, this shared foundation allows it to address challenges in each of the countries and regions where they occur. EY has supported many clients in redefining their strategy to align integrated global governance, as well as implementing that strategy throughout their global operations.

Strengthening governance is important in a context of transparency with stakeholders about sharing a strategy established by a head office and ensuring that strategy is applied to the operations of its employees at a global scale. A governance framework for an entire group creates opportunities for employees of overseas subsidiaries to be appointed as a board member of the Japanese parent company; this also means that the parent company can benefit from an opportunity to welcome highly-talented human resources from other countries and regions.

The need for a global framework: Innovation and DX (Digital Transformation) are no exception

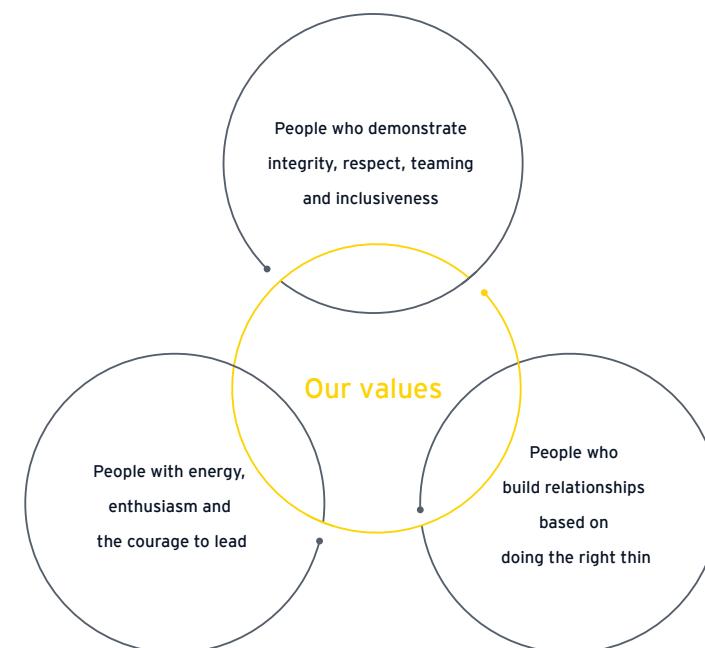
We believe that it is important that organizations also take a global approach to innovation. They must consider and incorporate the country-level needs of their customers and create impact on customer behavior through their operations, while adopting ideas generated by their R&D departments and overseas locations. The same is true for DX so it is essential that organizations conform to a shared, established global system. The underlying objective of DX is not solely to promote digitalization. DX allows a company to analyze incremental information scattered across the organization in real time, apply the results of analysis to examining a portfolio (a process to determine where to increase or withdraw investment in a business), facilitate effective, efficient and targeted investment to expand its business and, finally, enable business growth. The true, overarching objective of DX is to improve the accuracy of rapidly gathered information to enable appropriate management decisions that stay ahead of market trends.

The EY purpose and values are our foundation for providing high-quality services

Building a better working world is the EY purpose shared across all EY member firms, and is the foundation for providing high-quality services to our clients. EY has upheld this purpose for more than ten years, taking an industry-leading position to implement this initiative at a global level. We have also established three pillars that define EY's values which are shared among all EY people. We emphasize these values in how we conduct our business. In July 2024, EY appointed Janet Truncate as Global Chair and CEO and redefined its organizational framework. However, the EY purpose and our values are unchanged and rooted in our organization even after this change.

Building a better working world is our purpose and we will continue to pursue it, no matter how much times change. Our shared values of EY member firms are also essential and support our integrity as trusted professionals. Acting based on our values provides a sense of security for our clients to place trust in EY as we work with them to solve difficult problems or address confidential issues.

The three pillars for our values are reflected in the actions of every person at EY and in our collaboration with clients and other stakeholders. "People who build relationships based on doing the right thing," the first pillar of our values, represents our stance to be straightforward in delivering our insight into matters we determine unfair or inequitable, or that could potentially lead to fraud. Given that our business is built on audits that are responsible for providing assurance for information disclosed by companies, our priority focus is to achieve and offer high-quality services. Consistently acting to do the right thing and providing high-quality services are prerequisites for gaining the trust of our clients, as well as wider society. The first pillar of our values is embraced not only in Assurance, our service line for audit services, but also across all EY member firms and other service lines.



EY focuses on collaboration with entrepreneurs and forming alliances

"People who demonstrate integrity, respect, teaming and inclusiveness," the second pillar of our values, is the foundation for approaching the various challenges that confront our clients. Resolving difficult issues requires the efforts of a team which can achieve more than a sole individual, the efforts of a division which is greater than a team, and the efforts of the entire organization of EY Japan far beyond the capability of a single division. But we can and must still do more, by leveraging the extensive skills, knowledge and capabilities of our global organization.

In all our efforts across our organization, we must demonstrate respect for each other while also freely expressing our opinions. EY is committed to fostering a corporate culture that facilitates healthy conflict in which our people can voice their opinions, even when that opinion may contradict the opinion of other parties involved in the discussion. In addition, EY is confident that nurturing an inclusive mindset, where leaders respect the voices of diverse individuals from various backgrounds, with different career experience and skills, and then incorporating these voices into decision-making, aids us in resolving our clients' issues.

For more than 40 years, the EY Entrepreneur of the Year program has celebrated and continues to shine a light on the entrepreneurs who, through their services and businesses, are tackling the issues that confront society. This global annual program is attended by business leaders who participate in the Japan program, as well as their entrepreneur peers from around the world. Participants share their purpose and ideas with each other and form connections that facilitate the transformation of society which, in turn, are the catalyst for even more new ideas. EY also hosts the EY Accelerator Program to support women entrepreneurs and the growth of women-led businesses, as well as the Women Athletes Business Network (WABN) to assist women athletes to transition to entrepreneurship or other business ventures after their retirement from competitive sports.

Our All in strategy brings together EY people, clients and society to achieve the best outcome

"People with energy, enthusiasm and the courage to lead," the third pillar for our values, is also integral to how we do business. Providing high-value-added services to our clients is more than a simple series of actions; it requires the passion and motivation of our people in their work. This is why, at EY Japan, we value the importance for our people of time away from work to rest and recharge, as well as initiatives to boost personal wellbeing.

Working together with passion across our organization not only fulfills the EY purpose but also empowers each of us to achieve our own individual purpose, as well as support our clients in achieving their purpose. Our awareness that each individual's ideas and skillset are successfully applied to benefit our clients and wider society further strengthens our passion, generating a virtuous circle.



"The courage to lead" holds significant meaning in this third pillar of our values. This is because it requires considerable courage to communicate your thoughts without fearing conflict when sensing something wrong with the majority opinion or when realizing something that others have not yet recognized. In Japanese society, as there is a tendency to yield to peer pressure, having the courage to express your thoughts fearlessly is important in the context of "doing the right thing," as highlighted in the first pillar of our values.

EY launched All in, a new global strategy, alongside a new organizational framework in July 2024. With this strategy, EY is committed to building trust in capital markets and empowering clients and society to address pressing issues by further enhancing the quality of our audit services, strategically investing in areas including sustainability, managed services and transformation, as well as building alliances and collaborating with other stakeholders. Here at EY Japan, we are engaged in ongoing strategic activity that aligns with this approach.

While All in may be a phrase more familiar to someone from an English-speaking country, it comes from a universal concept in team sports that everyone can understand. During critical moments that could potentially determine the outcome of the game, players often pause play to gather and place their hands in the center of their huddle to boost morale. Regardless of the stage of the game, this action demonstrates the players' commitment to each do their best and achieve more collectively as a team. EY's intention for All in is very similar: it underlines the importance of engaging with clients and society as a whole, rather than being closed as an organization, in our approach to collaboration and performing at our best in our work.

Our model

With three assets as inputs, the outcome is raising the four value dimensions: people value, client value, social value and financial value, through the client services and initiatives of professionals who are united by our purpose. This will enhance EY's own capital as well as improve the professional services that help companies and industries transform themselves. As our ultimate goal, we envision tackling the transformation and streamlining of economic and social systems, escalating this to as an opportunity for value creation for society as a whole.



At a glance

Fiscal year 2024

Access here for details

ey.com/en_jp/integrated-report/facts-and-figures-2024



People value

3rd intake of the Diverse Abilities Center (DAC)*

Hired 14 individuals (Japan)

*An organization established in June 2022 to develop the careers of neurodivergent individuals (with development disabilities, Asperger's syndrome, autism, etc.) as EY people.

The Pride Index recognizing EY's work to promote LGBT+ inclusion presented us



the "Rainbow" award for 3 consecutive years, Top rating, "Gold" award for 7 consecutive years (Japan)

Prizewinner at BCCJ "British Business Awards 2023",

"Company of the Year" (Japan)

Average training per employee:

50.8 hours
(Japan)

Ministry of Economy, Trade and Industry:

Certified as Health & Productivity Management Outstanding Organization (Large Enterprise Category) in 2024 (Japan)



Number of EY Japan people participating in well-being initiatives:

4,325 (Japan)

Regarding specific initiatives, externally, we participate in the cross-sector "Japan Well-being Initiative" and pursue collaborations with other companies; and internally, we conduct unique-to-EY initiatives to visualize the levels of well-being felt by EY people and take action based on EY's well-being strategy.

Social value

Awarded the 2023 Terra Carta Seal



from the Sustainable Markets Initiatives

*Recognizes global companies that are actively leading the charge to create a positive future for climate and nature

About **990,000 lives** positively impacted through EY Ripples* activities in Japan

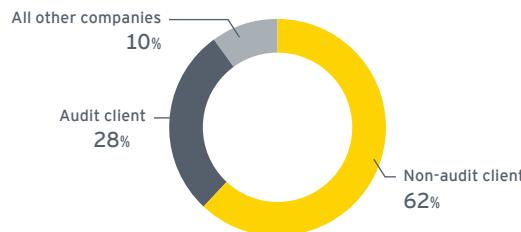
*Pro bono activities deployed by EY globally with the goal of positively impacting one billion people worldwide by 2030 in order to contribute to the achievement of SDGs.

Waste recycling rate for Tokyo office

77% average during the year

Client value

Fortune Global 500 - percentage of companies in index served



100 ecosystem partner companies
(Global)

80,000 technologists
(Global)

Sustainability engagements delivered to:

20,000 clients
(Global)

Financial value

*All growth is a year-on-year rate in local currency

Total revenues

51.2 US billion \$

(Global)
JP¥254.769 million
(Japan)

Year-on-year growth

3.9%

(Global)
9.4%
(Japan)

Revenue and growth rate by Area*

EMEA
Growth: 6.9%
Revenue: 19.9 US billion\$



Americas
Growth: 2.7%
Revenue: 24.1 US billion\$

Asia-Pacific
Growth: 0%
Revenue: 7.2 US billion\$

*Americas ([North, Central and South America]
EMEA ([Europe, Middle East, India and Africa])
Asia-Pacific

Revenue and growth rate by service line (Global)

Strategy and Transactions

Growth: 2.3%
Revenue: 6.2 US billion\$

Tax

Growth: 6.3%
Revenue: 12.1 US billion\$

Consulting

Growth: 0.1%
Revenue: 15.6 US billion\$

Assurance

Growth: 6.3%
Revenue: 17.3 US billion\$

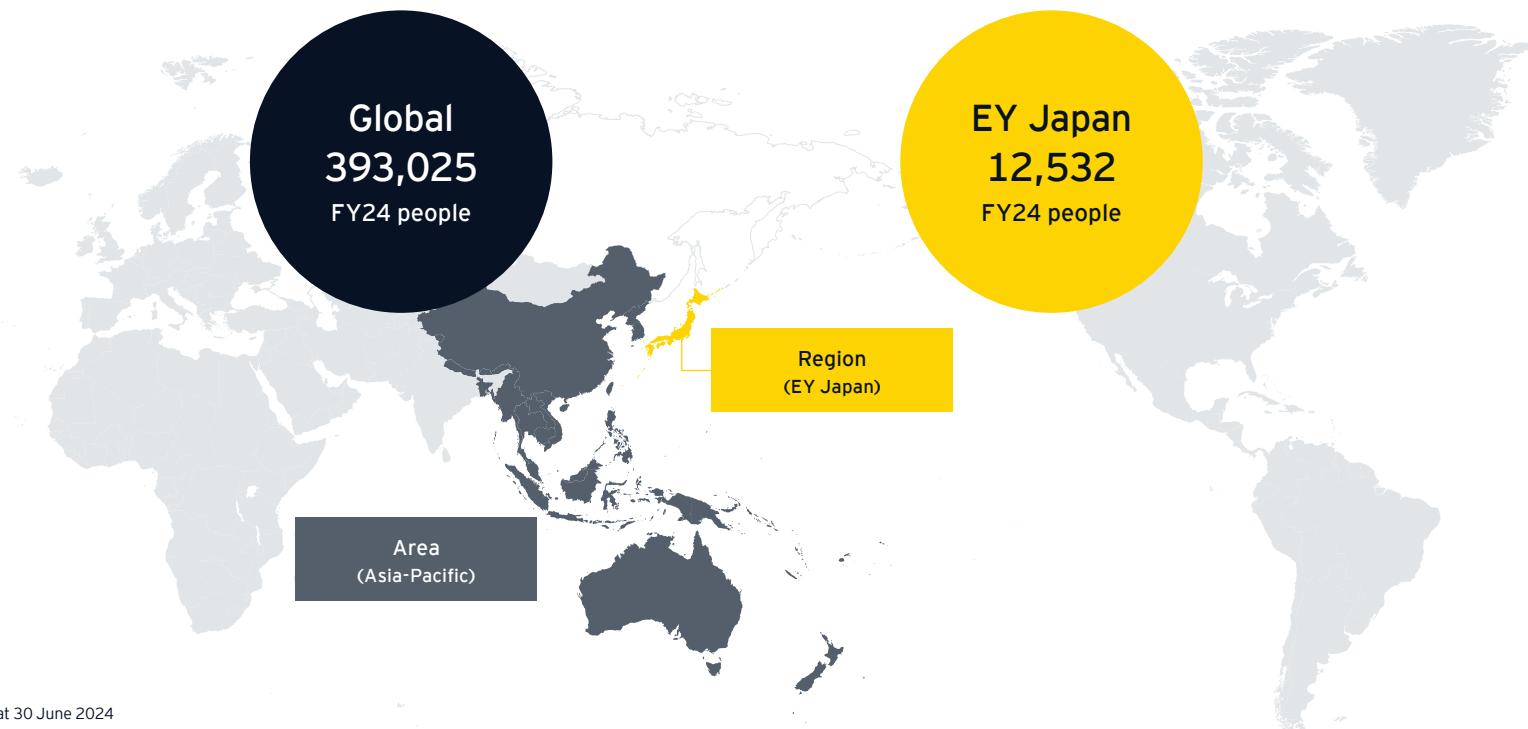
About us

EY global network

EY is a global network of professional firms that provide assurance, tax, strategy and transactions, and consulting services, comprising 400,000 personnel from over 150 countries and regions around the world.

What is an EY member firm?

EY member firms are legal entities that form a global network, and each firm is a legally distinct entity. Their obligations and responsibilities are governed by compliance with regulations established by EYG and various other agreements. EYG is a UK company limited by guarantee that coordinates the member firms and promotes cooperation between them to ensure the efficient functioning of the global network.



The number of people as at 30 June 2024

What is an EY area, region, and country?

Areas, regions and countries are used to classify EY member firms. An Area is the largest classification unit, and EY is composed of three areas: Americas (North, Central and South America), EMEIA (Europe, Middle East, India and Africa) and Asia-Pacific (Asia and Pacific region). In contrast, the smallest unit is a Country (the country in which the member firm is located), and the classification unit between areas and countries is a Region. A Region can comprise one or multiple countries. Japan is a single country but classed by EY as a Region in the Asia-Pacific Area.

EY Japan

EY Japan is the collective name for the member firms of EY in Japan, which is the biggest Region in the EY Asia-Pacific Area.

Each of the member firms operates as an independent entity, although they may cooperate with each other to provide services.

Teams of professionals with business experience in Assurance, Tax, Strategy and Transactions, and Consulting Services work together to deliver the optimal services for tackling the various issues that companies face, with cutting-edge, global perspectives.

Main service lines (as at 30 September 2024)

Assurance	Tax	Strategy and Transactions	Consulting
<ul style="list-style-type: none">▶ Audit and assurance services▶ Financial Accounting Advisory Services (FAAS)▶ Climate Change and Sustainability Services (CCaSS)▶ Forensics (Forensic & Integrity Services)▶ Technology Risk▶ Growing Enterprise Support	<ul style="list-style-type: none">▶ Corporate tax advisory and tax compliance▶ International tax strategies, M&A and corporate restructuring▶ Indirect tax strategies▶ Digital tax transformation▶ Global talent management▶ Business outsourcing related to tax, accounting, payroll and labor affairs	<ul style="list-style-type: none">▶ Transactions and Corporate Finance (M&A)▶ International Corporate Tax Advisory	<ul style="list-style-type: none">▶ Risk▶ Technology▶ People▶ Cross Sector
Ernst & Young ShinNihon LLC	Ernst & Young Tax Co.	<div style="border: 1px solid black; padding: 10px; margin-top: 10px;"><p>Strategy and Transformation</p><ul style="list-style-type: none">▶ EY-Parthenon (Strategy Consulting)▶ Business Consulting</div>	EY Strategy and Consulting Co., Ltd.

Other member firms

Ernst & Young Business Partner Co., Ltd.

EY Law Co.

EY Immigration Corporation

EY Social Insurance and Labor Advisors Corporation

EY Professional Support Co., Ltd.

Ernst & Young Solutions Co., Ltd.

EY Forensic & Integrity LLC

EY Japan Co., Ltd.

EY Japan LLC

BUILDING A Better working world



Discussion between three global professionals with experience in different arenas: Tax, audit and consulting

— Can you tell us about your current role at EY and describe your career to date?

Umemoto: I have worked in International Tax and Transaction Services (ITTS) at Ernst & Young Tax Co. since 2016, providing services for international tax advisory - mainly for transfer pricing. I was seconded to EY Singapore Tax for two years from November 2022, where I supported local clients with tax advisory, and returned to Japan in October 2024. Before joining EY Tax, I worked at Ernst & Young ShinNihon LLC - for a period, I was on the same team as Goto-san, who is also joining our conversation today.

Goto: Since joining Ernst & Young ShinNihon LLC as a new graduate in 2008, I have always been engaged in accounting and auditing services. Umemoto-san, you've just reminded me that we used to work together! I'm glad that we're able to reconnect. In 2021, I was assigned to Chicago, US, accompanied by my husband and two children, where I provided audit services to support Japanese companies expanding overseas. I returned to Japan when my three-year assignment ended in August 2024.

Torossian: I joined EY Strategy and Consulting Co., Ltd in 2019, after having worked in geopolitics and IT in financial services. I am currently specialized in transaction strategy and project management services for M&A. I was born in Australia, then grew up in Vanuatu, before moving to France. As French is my first language, I also support the French desk in EY Japan. Although I grew up speaking Japanese with my mother, I had to dedicate a lot of time learning to read and write the language while living in France.

People story

EY Japan believes that a vibrant organization is cultivated when people with diverse backgrounds, values and individual identities come together and freely communicate their thoughts and opinions. Here we feature a three-way discussion between EY people: two who have overseas assignment experience, and one with an overseas background currently working in Japan. They each share their thoughts on EY's approaches to global collaboration and how those approaches are inter-related with the EY purpose and values shared across our member firms, as well as the impact of these initiatives on our clients and other stakeholders.

From left to right

Kylie Torossian

Transaction Strategy and Execution
EY Strategy and Consulting Co., Ltd.

Miho Goto

Division 3
Ernst & Young ShinNihon LLC

Yoshihiro Umemoto

International Tax and Transaction Services(ITS)
Ernst & Young Tax Co.

Professional culture grounded in globally shared values encourages healthy conflict

— During your experience working overseas, were you ever puzzled by work processes which differ from Japanese customs or culture? And Torossian-san, it would be great to hear about what you recognized was different when comparing Japan to other countries.

Umemoto: I don't know whether this applies to countries or locations other than Singapore - but I was surprised by how simple instructions or directions were. For example, when I received my PC in Singapore, I was only given information on where to collect it - there were no other instructions on what to do. I was somehow able to resolve this by asking some of my acquaintances for guidance. Even so, at the same time, I was puzzled by the difference with the approach that we take in Japan. In Singapore, they seem to operate on the assumption that if someone isn't sure of how to do something, they will always ask. This approach is the absolute reverse of how we do things in Japan, where we are always presented with a detailed step-by-step process in advance. It took a while for me to adjust and feel comfortable with these cultural differences.

Goto: When I was on assignment in Chicago, my manager used to always say, "Do the right thing." This expression has stayed with me, supporting me mentally and emotionally in my work. Even when receiving negative feedback about work from managers or colleagues, the people I worked with were open and receptive to that feedback - they were willing to accept it as an opinion about their work-related actions, rather than taking it as some criticism of their personality. I suppose this is because debating is a big part of the culture. Another thing I should mention is that workstyles in the US were nothing but ideal for a working mother like me. On a typical day, I would start work at around 8 A.M., finish at 5 P.M., and have enough time to enjoy the evening with my family. I could finish any remaining work for the day after my family had gone to bed, but it was my decision whether or not to do this.

Torossian: When I first came to Japan, I was confused by the ambiguous instructions that were given at work. I found that instructions were unclear or phrased in an indirect way, and I remember that most of the time, I couldn't immediately understand what was expected from me. I'm sure the intention of giving ambiguous instructions is to be polite and avoid hurting people's feelings, but there are situations where straight-to-the-point instructions are more effective. When an issue arises in M&A projects I work on, prompt actions need to be taken. Everyone must share their honest opinion with the rest of the team. In addition, while overseas stakeholders actively provide opinions in international projects, some of these opinions lack specialized knowledge. In this regard, EY has a corporate culture that encourages "healthy clashes of opinions" based on the shared values that we uphold globally. Therefore, I can frankly speak my mind, and I also encourage my team to do the same.



Actions based on the EY purpose and values shared across member firms allow us to achieve better results for our stakeholders

Umemoto: Going back to Goto-san's story about the "Do the right thing" expression, EY upholds "People who build relationships based on doing the right thing" as one of our shared values across all EY member firms. Internal healthy conflict is similar to this idea in the way that it eventually leads us to achieving better results for our clients and other stakeholders. I have heard that whether a decision is consistent with our purpose is a topic of frequent discussion at EY management meetings. This really shows how the EY purpose and values aren't merely a formality; they are being applied and made real in our hands-on work, through decision-making and a wide range of actions.

Goto: As my audit clients operate their businesses with a recurring revenue model, where their services are provided on an ongoing basis, many of their business actions are repeated and followed for a long period of time. However, as the environment for companies changes and new generations assume leadership roles in these businesses, out-of-date processes must be replaced with more suitable approaches. I should also mention that in our pursuit of the EY purpose, Building a better working world, we must channel time and resources into areas that require our focus to provide high-quality services. For these reasons, I think having extended debates in a format allowing healthy conflict is a must when deciding whether business actions should or should not continue as always for clients with a recurring revenue model. I say this because I have no doubt that diving into these debates brings our clients the results that allow them to participate in Building a better working world.

Torossian: When it comes to the EY purpose, Building a better working world, we can start by implementing it in our team's everyday activity. EY has a very inclusive workplace environment which encourages everyone to engage in healthy discussions. I am confident that we have been able to generate value for both our clients and team members by bringing out the diverse strengths of our people thanks to this culture.



A workplace environment that facilitates taking on bold challenges and enables open communication between employees regardless of rank

— A common perception of the Japanese way of doing business is that it values caution and stability, but lacks speed in the decision-making process. How would you respond to that, as people with experiences that allow you to compare Japan and other countries?

Goto: I do agree that agile, case-by-case actions are not a forte of typical Japanese business style. Also, judgments on whether or not a business risk is tolerable are often relatively conservative. In other countries, the emphasis is starting the process; there's general agreement that if any issues arise along the way, they can be dealt with in the moment.

Torossian: Abroad, people are not afraid to take risks if the opportunity is great. Failing is not a problem because it will end up being a valuable experience that will lead to the next success. I think this positive mindset is also firmly rooted within EY Japan.

Umemoto: I agree with Torossian-san. The importance of being bold, to take on challenges without fear of failure, and maintaining motivation, passion and courage to do that is a value shared by all EY member firms globally. As EY Japan is no exception in ensuring managers are tolerant of their team members' mistakes, I was able to recognize that shared value and—despite working in a foreign environment—felt comfortable putting my thoughts into action and consulting my managers whenever I encountered difficulties. My time working overseas has reminded me of the importance of a working environment that allows team members to openly express their opinions to their managers.

Torossian: In my current team, I strongly feel that my supervisors emphasize "People who demonstrate integrity, respect, teaming and inclusiveness," one of EY's values. I think this has contributed to people retention within our team. When selecting project members, we consider individual skills and personalities. In my case, I have been assigned to both domestic and international projects where I can leverage my background and experience.

Umemoto: That also applies to EY Tax Co. People from various backgrounds work together at the firm, and we consider everyone's expertise in forming teams that can provide the best possible services for each of our clients. These kinds of teams make communication easier, and organizational strengths like this are core to providing high-quality services.

Collaboration connects EY member firms across the globe and forms a network united through our strategy of All in

— And now a final question for you. What makes you glad that you work at EY?

Torossian: That would be, in one word, inclusivity. EY's inclusivity is not simply valuing diversity in recruiting people from various backgrounds. It extends to the strengths of diverse individuals and ensuring they can work together as peers. That is what creates an inclusive organization. Other than that, being able to engage in consulting and to see first-hand how various clients take the initiative to transform their business means a great deal to me.

Umemoto: For me, the appeal of EY as an organization is this environment that ensures psychological safety for sharing your opinion. There is no need to be hesitant or reserved because of a specific individual. Of course, in Singapore, the number of Japanese colleagues was small, which made me a member of a minority in my work. On returning to Japan, I am now a member of the majority again, and have developed my tax career. So, this experience of being in the shoes of both the majority and the minority, that's a reminder to me that EY has cultivated a foundation for embracing people regardless of differences in nationality, race or gender, as well as welcoming people with all kinds of career experience, and an ability to work together with respect for each other.

Goto: I started my career at EY, so it's difficult for me to draw comparisons with other companies. However, I can say that EY is a professional services firm - a member of the Big Four - and that it values collaboration and connections across different countries. I feel that all EY member firms around the world are united by our strategy of All in, in a sense that they all share and uphold the same Purpose and values and emphasize sharing them across a global organization.





How a unified tax compliance approach generates value

Kyowa Kirin Co., Ltd.

Japan-based pharmaceutical company Kyowa Kirin Co., Ltd. struggled with managing international tax issues. A "One System" approach helped.

Noriko Ishizaka (Left)

Finance, Global Tax Planning Group Head
Kyowa Kirin Co., Ltd.

Motohiko Kawaguchi (Right)

CFO
Kyowa Kirin Co., Ltd.

Read the full article via the QR code or URL



ey.com/en_gl/insights/tax/how-a-unified-tax-compliance-approach-generates-value

Client story

Enabled by data and technology, around 400,000 EY members in more than 150 countries and territories provide trust through assurance and help clients grow, transform and operate. Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our clients and society today.

The better the question

How does international tax drive corporations toward global growth?

Since launching sales of its global products in 2018, Kyowa Kirin has expanded its value chain extensively across global markets, experiencing rapid global growth and thus increasing its need for managing global tax compliance. Kyowa Kirin aims to provide pharmaceutical products to patients to address unmet medical needs, and achieving this goal would not be possible without addressing this issue.

Kyowa Kirin is a Japan-based global specialty pharmaceutical company. The corporation upholds its mission to create life-changing value and bring smiles to patients by providing medication for diseases lacking effective treatment. The company is committed to research and development, striving to provide medication to patients with intractable diseases and rare conditions.

It has 35 consolidated subsidiaries worldwide, and its global business is structured as a matrix organization - called "One Kyowa Kirin" - consisting of the four regional axes of Japan, EMEA, North America, and Asia/Oceania, its product axis, as well as its trans-regional functional axis, an essential element of a pharmaceutical business.

In 2023, Kyowa Kirin's sales outside of Japan accounted for as much as 65% of its net sales, and the company saw an increase in complex transactions across different countries and regions.

Various divisions are involved in the value chain for supplying pharmaceuticals to the market, including R&D, manufacturing, quality assurance, regulatory affairs, and pharmacovigilance. Kyowa Kirin's value chain extends worldwide, and disruption to any of these business processes would introduce significant business risks.

Within the One Kyowa Kirin structure, there was a difference in the pace of business between the business side and the tax side. While the business side operated the functional axis to standardize business activities at a global level, the tax side was based on regional (country) axis to fulfil the responsibility of a multinational corporation, that is, correctly managing and allocating profits and expenses to each country and region.



In addition, the implementation of a budget management system suited to global business activity overlooked intra-group, entity-to-entity transactions which were out of the scope of budget management, making forecasting difficult for each country and entity. The company was confronted with the possibility that balancing management for business budget and finances would become a group-wide issue.

This highlighted the need for Kyowa Kirin to channel its effort into global business management and group tax governance as a means of optimizing overall costs, thereby establishing a foundation for allocating internal resources to expeditiously provide treatments to patients with diseases lacking effective treatment, and in turn, upholding Kyowa Kirin's vision.

Noriko Ishizaka, Finance, Global Tax Planning Group Head of Kyowa Kirin Co., Ltd., recalls, "The situation had become complicated to the extent that we would joke with the operational departments when aligning our approaches that it would be great if there was a country named 'Global,' and we could be their taxpayer. However, we were aware that what we were seeing could potentially become a critical issue and had begun to give serious consideration to a solution."

"We needed to bridge the gap between management's vision of promoting global collaboration, and the obligation to address tax compliance through extremely effort-consuming tasks to accurately analyze and invoice consideration for services provided by each of our entities," she said. "In order to resolve this issue, we concluded that we would need, first a deep understanding of the latest tax systems, and second an effective system design."

Before the collaboration within this project and the implementation of the BEPS international taxation framework, Kyowa Kirin and the EY team had already worked together in an advisor-advisee relationship and were gaining knowledge of each other's business and experience.

The project team began with identifying and organizing tasks related to cross-border internal transactions and other overall tax matters. The team inventoried tax issues that arise with intra-group transactions, to re-establish a workflow that would be viable for managing both budgets and results.

"The system that we were attempting to build did not exist anywhere but in my head," Ishizaka said. She added she could feel the system becoming a reality from repeated discussions held with the team.



"A system that is compliant with tax regulations can be elaborate to the point of limitlessness," Ishizaka said. "However, an overly elaborate system is of no value if it cannot be used practically, so our team focused on building a framework for regulatory compliance that was realistic and rationally incorporated the essentials."

The team built a system that links appropriate allocation data and simultaneously attempts to resolve the real business issues for Kyowa Kirin, by acting as the hub for existing budget and accounting systems."

It also developed a system able to automate issuing invoices and calculating expense allocations between foreign-related parties, significantly reducing the time required for the relevant teams.

EY professionals devised a framework with a comprehensive solution that seamlessly integrates and standardizes the hundreds of invoices between related parties and operations conducted separately in each region into one unified system.

"Following the system workflow has guided us to accurately manage budgets and conduct invoicing," Ishizaka said. "We feel a great sense of accomplishment in being able to create a 'lighthouse' that we can trust and use as a guiding light through the course of our work."

Additionally, the system is equipped with functions that automatically link tax allocation data with the budget management and accounting system, and that automatically generate standalone, consolidated profit and loss statements in each region per product or entity.

"We believe that the greatest achievement of this project is not simply the standardization and reduction of work hours required for our processes and operations, but rather the provision of financial and tax data needed for accurate management decisions," Ishizaka said. "We were able to provide management with a reliable source of information, which allows them to quickly obtain accurate financial and tax information essential for business management, as well as to organically leverage that information to introduce more effective business management policies and decision-making."

Ishizaka said she believes the system has not only resolved short-term challenges but has also made contributions in the mid-to-long term by providing life-changing value and bringing smiles to more patients sooner than would have been possible without the system.

The better the answer

The One System was the solution to integrate operations. It reduced work time and implemented an efficient system suitable for overall management.

The project started with organizing all cross-border transactions, and eventually evolved into creating a tailored system custom-designed for Kyowa Kirin, which can be leveraged for management strategies.

The project launched in 2022. A team of EY specialists with experience in domestic and international tax and CCH® Tagetik, a business management system provided by Wolters Kluwer, has been established. They started working with Kyowa Kirin as a one team to help resolve Kyowa Kirin's issues, including its cross-border transaction issues, and by extension, its overall business management issues in relation to global tax methodologies.

The better the world works

Kyowa Kirin is advancing the system to its final form for comprehensive management of its business.

Through this project, Kyowa Kirin optimized overall costs by focusing efforts on global business management as well as group tax governance. This established a reliable source of information, which will eventually lead to providing what the company calls life-changing value and bringing smiles to patients.

With the system established, Kyowa Kirin was able to optimize the invoicing between the group companies' services and global expenses. The project has the potential to leverage the large volume of financial data for the future - by invoicing royalties and individual services through the system, establishing a structure that links those invoices to both budgets, estimated data and results, and finally expanding the scope of the system so that it oversees all transactions within the group.

"Going forward, we aim to develop the system to the extent that it is capable of comprehensively understanding and managing our overall global business," Ishizaka says.

Getting the project team comfortable with the required tools was an important factor, she says. "The tools determine what is viable within a system. Creating a good system requires a good combination and balance between requests from potential system users and what is viable with the tools provided," she adds. People with knowledge of the CCH® Tagetik system who were assigned to the project team and the team's passion for innovation were critical to success, she adds.

Motohiko Kawaguchi, CFO of Kyowa Kirin Co., Ltd., says that the respective experiences of the EY team and the Kyowa Kirin team led by Ishizaka were leveraged effectively through working as one team, and were pivotal in the successful execution of this project.

"Though systems often fail to meet initial expectations when they are completed, we have received feedback at global CFO meetings and on many other occasions that the project team really did create an incredible system," Kawaguchi says. Kawaguchi says he is excited to see how the project will unfold.

"I believe that this system has the potential to go further. I am looking forward to seeing innovative teams use this system as a foundation to formulate more excellent ideas."



Kimiya Yamaguchi

Partner,
Ernst & Young Tax Co.



Now that the project has concluded its initial phase and entered the next step, Ishizaka intends to leverage takeaways from the challenges that the One Team overcame together in order to increase the potential of the system. Kimiya Yamaguchi, the partner at Ernst & Young Tax Co., who worked on the project is eager to continue supporting the project's developments.

"I believe that the system we've created together has great potential to be developed further," says Yamaguchi.

"We are thankful that EY assigned a team who were very familiar with the process and system for us to conclude the initial phase of this project, and established a structure that will allow us to transition to the next phase," Ishizaka says. "Hopefully, we will be able to leverage the knowledge that we have accumulated through our work to date."

Difficulties can arise on a project when team members have very different skills and background. With its purpose to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets, EY's strength is the ability to resolve issues through the close collaboration between professionals with these different skills.

This project was a prime example of a successful, balanced collaboration between professional service by EY partners such as international tax and digital transformation and professionals with diverse experience, including tax, consulting, and technology.

Ishizaka concludes, "It was reassuring that the project team included people who were knowledgeable about the system and people with tax expertise, especially when we were working together as One Team."

This project to build Kyowa Kirin's system for the tax management of cross-border transactions is expected to continue guiding the corporation in its global management strategies.



How does Japanet envision regional revitalization through Nagasaki Stadium City?

Japanet Holdings Co., Ltd.

Japanet, headquartered in Nagasaki Prefecture, began working on Nagasaki Stadium City in 2017. EY leveraged its knowledge of the sports business and regional cooperation to participate in this private-sector-led megaproject. We took the role of the ICT Project Management Office (PMO) to enhance value primarily in the Information and Communications Technology (ICT) area.

Yutaka Orime (Left)

Executive Officer
Regional Creation Nagasaki Co., Ltd.

Akira Okada (Right)

Partner, Government and Infrastructure Sector
EY Strategy and Consulting Co., Ltd.

Read the full article via the QR code or URL



ey.com/en_jp/insights/government-public-sector/how-does-japanet-envision-regional-revitalization-through-nagasaki-stadium-city

The better the question

A sports and business-led driver of local revitalization stimulating regional growth across Japan

The Nagasaki Stadium City project, representing an investment of approximately 100 billion yen, is intended to revitalize the region but also has to be sustainable. As a consequence, it was essential to design digital services that can be updated over the long term and to utilize ICT to achieve greater efficiency in the delivery of complex services.

Japanet Holdings is best known in Japan for its Japanet Takata teleshopping business but, in 2019, it launched its sports and regional revitalization business as a new pillar within the group. It has expanded sports and entertainment opportunities in the region since 2017 through its management of hometown professional soccer club V-VAREN NAGASAKI and, in 2020, established Nagasaki's first professional basketball club, Nagasaki Velca, which now competes in Japan's B.LEAGUE.

Regional Creation Nagasaki Co., Ltd., a group company set up to serve as the core of the sports and regional revitalization business, spearheaded the project to build Nagasaki Stadium City which opened on October 14, 2024. The project has attracted attention as a private sector-led, hybrid business focused on sports and entertainment. Discussing the background to the launch of the project, Yutaka Orime, the company's Executive Officer, commented:

"In 2017, we came to the rescue of V-VAREN NAGASAKI, which was struggling at the time, and made it a group company. This marked the start of Japanet's sports business. It just so happened that in the same year, there was talk of repurposing the site of the former Nagasaki Shipyard & Machinery Works Saiwaimachi Plant, owned by Mitsubishi Heavy Industries. This site would eventually become Nagasaki Stadium City. Japanet's President and CEO, Akita Takata was keen to take charge of this project. He believed that creating a 'one-of-a-kind city never previously seen in Japan,' with a soccer stadium at its core, would energize V-VAREN NAGASAKI and ultimately the people of the city. And Nagasaki would have a brighter future."

As its name suggests, Nagasaki Stadium City was conceived as a "city" that would serve as the core for regional revitalization. At its heart is a soccer stadium with a capacity of approximately 20,000 people, an arena with about 6,000 seats, as well as a hotel, commercial facilities, offices and other services. Nagasaki Stadium City now has about 80 stores.

This large-scale project was led by Akito Takata, President and CEO of Japanet Holdings. Yutaka Orime, who was assigned to manage the project on site in Nagasaki, is passionate about the project alongside Mr. Takata.

However, Orime recalls that he often heard negative comments at the start of the project about this unprecedented and ambitious initiative from people around him.

Client story

"For a while, I heard from many quarters that there was no way this model could succeed in Nagasaki. Let's call these people 'dream killers,' happy to make statements that shatter dreams and ideas. As a company, we adopted 'beat the dream killers' in our internal messaging for the year and, partly to prove that something like this could succeed in Nagasaki, we maintained our belief in the power of sports and did everything we could to bring the project to fruition."

This type of unprecedented megaproject involves a wide range of stakeholders at every step, from initial development to ongoing maintenance and operation. The numerous digital services provided throughout Nagasaki Stadium City required a holistic design, from touchpoints to improve the customer experience to the infrastructure, such as a high-speed network, that supports the services. As management of the facility is expected to become more complex in the future, great emphasis was placed on efficiency and delivering labor savings.

EY, which is also active in regional development through professional sports and working to create sustainable long-term value, joined the project in 2021 as a PMO tasked with the overall management of ICT.

EY already had a strong track record of supporting regional revitalization through sports. For example, EY has supported initiatives by professional sports teams to improve their operations and undergo DX (digital transformation), and contributed to urban development projects centered on arenas and stadiums. EY also possesses know-how for end-to-end management of numerous complex issues, in fields such as facilities, urban development and coordination with government and public sector entities.

The better the answer

An integrated digital experience boosts both customer experience value and economic value

EY's knowledge of regional development driven by the sports business allowed it to come on board with a team of professionals already familiar with the field, as well as individuals with skills in DX, government and public-private partnerships. The team was responsible for the PMO work to fully manage ICT for the entire facility complex.

Akira Okada is a partner in EY Strategy and Consulting Co., Ltd experienced in sports DX and regional revitalization. He was in charge of this unprecedented, private sector-led project and shared his thoughts during a discussion with Orime.

Okada "Prior to this project, it was incredibly rare in Japan for private companies to lead the development and construction of stadiums. The priority was always the public interest element of the stadium and its sports facilities. There was rarely a focus on sports and entertainment as pure attractions, nor consideration of the overall profitability of the stadium and other businesses in the surrounding area. However, with this project, we have attempted to leverage the full benefits of the private sector approach."

Mr. Orime "I think Nagasaki Stadium City will be seen in future as something unique in Japan, making a visit to Nagasaki a must-do so that people can see it for themselves. A hotel attached to a soccer stadium is also a first in Japan. As soccer games will only be played there about 20 days a year, I think our model of surrounding the stadium with facilities such as hotels, which allow you to generate stable profits relatively easily, to make the city as a whole profitable, is an idea that only the private sector could come up with. On the ICT side, we wanted to incorporate cutting-edge field tests and case studies, something that would probably have been difficult for the government to do. In my opinion, ICT can offer a sports business approach that is unique to the private sector."

Okada "From the outset, when we were thinking about how to deliver convenience and comfort in Nagasaki Stadium City, we had a vision and goals for the kind of experience that the facility would need to offer. To achieve those goals, we employed the latest ICT to design services from scratch. I think the decision to invest in ICT delivered great value for the project and that's something unique to the private sector."

Mr. Orime "To build the system, I felt it was vital to agree an initial vision and goals for what we wanted to accomplish using ICT and what type of worldview we wanted to present to customers. I had the opportunity to discuss some ideas with EY, which also involved looking at case studies. They came up with ideas that we hadn't considered so I feel that working together to determine the vision and goals provided huge momentum as the project progressed."

Orime went on to explain that one notable outcome of the project is that a single app provides access to every aspect of the visitor experience.

Mr. Orime "There are already 350,000 registered users of the Nagasaki Stadium City app, as of August 2024. From the beginning, we worked with EY on how to make use of this big data to sort information based on preferences, use it for analysis and to make improvements."

To achieve workforce efficiencies, we had high hopes for employing ICT to optimize operations and reduce labor by visualizing shift management during events when in-person staffing is most necessary, and at normal times when fewer people are needed.

We expected the use of ICT at Nagasaki Stadium City to have a large economic impact by improving the operational efficiency of the facility and creating opportunities for consumer spending. Orime added that when negotiating larger orders, working with EY people as a single team also paid dividends.

Mr. Orime "Large-scale projects entail placing orders worth several hundred million yen or more. EY led from the front by dealing with potential vendors and engaging in complex negotiations.





When there's a tough discussion between us as the client and a contracted vendor, it is the business relationship which often suffers. We're immensely grateful to EY for stepping in as a neutral party and helping us to build stable relationships with our vendors.

The better the world works

Nagasaki Stadium City is creating community connections and social value through sports

Japanet Holdings launched Nagasaki Stadium City with the support of EY working as one team. The aim is to contribute to the revitalization of Japan at the local level, by being a long-term presence that continues to generate sustainable value 10 to 20 years into the future and by also being a pioneering example for local governments grappling with similar issues.

Orime believes that the project also benefitted hugely from the involvement of EY, which operates globally and brings information on current sports trends from around the world to Nagasaki.

Mr. Orime “Worldwide, investments in sports businesses and venues seem to be getting larger. I believe this is due to the power of sports and because of the involvement of the community in urban development projects which enhances corporate value and creates the conditions for successful businesses. I am confident we will see greater adoption of these practices in Japan.”

Okada “During our consulting sessions, we often talk about enhancing value by integrating the management of venues such as the stadium and the arena with sports entertainment, ticketing, food and beverage service, etc. We also consider expanding the range of revenue sources by operating an entertainment business that monetizes created content across various media, such as streaming. I think Nagasaki Stadium City has shown that this can be done. I hope that Nagasaki will be the starting point for enabling new sports and entertainment businesses in Japan to move to the next level.”

Mr. Orime “Now that the facility has been completed and tickets for the first concert have been selling well, almost all of the so-called dream killers have disappeared. While we only had a few staff initially, we now stand at 300 people. They all worked hard to prepare for the opening.”

Mr. Orime “The opening is just the start, but ensuring the long-term viability of the facility will be the key challenge. It will attract a lot of attention in its first year, but we want to keep delivering what customers want and continue to grow over the next 10 to 20 years.”

Okada I hope that more people in the public sector will embrace the co-creation model and work with private companies like Japanet Holdings to achieve similar impressive results. If we get to see more examples of the public sector entrusting projects to a private sector providing superb services, I think both the public and private sectors will become more aware of the potential in these projects.”



Mr. Orime “You're absolutely right. I also don't think private sector-led projects are necessarily the only answer. I believe that increasing the number of examples like this, where the project involves cooperation with public institutions and where the regional and local context is reflected in the plan, can energize the whole country.”

Orime hopes that this new approach to regional revitalization, which straddles the line between public and private sectors, will spread from Nagasaki to the rest of Japan.

Mr. Orime “Nagasaki City, which is a testbed for our vision, represents a market of about 400,000 people. It is not that large by national standards but, if we can make a large investment and guide an exciting project to success there, it is an example that can be repeated in any city. With many Japanese regions on the decline, I would be happy if we can become a pioneer in re-invigorating cities through the power of sports, establishing a “Nagasaki model.”

It has been four years since Japanet Holdings and EY overcame corporate boundaries to unite forces in a team to co-create this project. And Nagasaki Stadium City has finally opened. There is already considerable interest in the Nagasaki Stadium City. Now, with the emergence of a private-sector model with the potential to energize various parts of Japan through the power of sports, people across the country, not solely in Nagasaki Prefecture, are paying close attention to see what happens at Nagasaki Stadium City.

Social story

EY Entrepreneur Of The Year (EOY)

Honoring entrepreneurial executives who take on challenges to build a better working world

Entrepreneurship. It is the engine of the global economy. Entrepreneurs who take on new ventures with passion, curiosity, bold ideas and a willingness to embrace risks are shaping the future through sustainable and innovative products and services. EY is pleased to support the continued growth of entrepreneurs.

The EY Entrepreneur Of The Year award has a legacy of nearly 40 years. It recognizes the path of successful entrepreneurs who have made an impact on society, as well as their insatiable drive to achieve further growth and address social issues. It communicates their accomplishments domestically and overseas, and offers them an opportunity to network with their peers. At EY, we aim to promote the transformation to a better working world by focusing on and supporting the true faces and passionate stories of entrepreneurs who, with their unbreakable spirit and innovative thinking, have and will create value for society in many different ways.



EY Entrepreneur Of The Year Japan (EOY Japan)

History in Japan

EY launched the award program in Japan in 2001. Since then, we have introduced and conferred awards on approximately 300 outstanding entrepreneurs in Japan, and helped them to make the leap from Japan to the rest of the world.

Selecting a Japan representative from seven regions across the country to shine the spotlight on entrepreneurs who continue to take on challenges in various parts of Japan

Entrepreneurs operate across Japan, creating new businesses to break the status quo and generating value every day. We run the EOY Japan program across the country, contributing to the revitalization of regional economies by providing support alongside local people for the activities of entrepreneurs. EOY Alumni form a community who interact with each other in numerous ways. We hold award ceremonies in seven regions across Japan to showcase and recognize their achievements. Entrepreneurs who have been selected as regional representatives participate in the all-Japan competition, the launch pad for them to seek nomination as the Japan representative who will later compete for the global prize.

EY World Entrepreneur Of The Year: From Japan to the world

The entrepreneur chosen to represent Japan is entered into the EY World Entrepreneur Of The Year competition, an event that brings together entrepreneurs from approximately 50 countries and regions around the world. The competition winner is considered one of the world's foremost entrepreneurs.

The event provides numerous opportunities for all of the country winners, who share a common desire and mission, to engage with each other. There is mutual recognition from other entrepreneurs, spanning various generations and coming from different countries and regions, who can all see themselves reflected in their peers who are also bringing new value to society. There are opportunities for these entrepreneurs to define and discover new goals and to take on further challenges that benefit their own countries and the world, even after receiving their awards.

Building a community through connection, fellowship, and values: EOY Japan Alumni

In 2019, EY launched EOY Japan Alumni as a community platform for all past winners. Through the program, we encourage past winners to interact with each other, enabling them to transcend the various differences in their environments, such as their locations and business domains. Our hope and aim is this community will create new value by exploring the future alongside their peers who are also previous award winners.



EY Entrepreneur Of The Year 2023

How do entrepreneurs set the world in motion?

How do entrepreneurs set the world in motion?



Soichiro Minami

Representative Director and CEO of Visional, Inc.

"Persistent Creation of New Possibilities." With this mission for the corporate group, the company is developing a variety of businesses that promote DX in industry, mainly in the HR Tech area. Focusing on the recruitment platform BizReach and the HRMOS series of human capital management platform, the aim is to build an Human Capital Management(HCM) data platform for companies. It is also launching new businesses in other areas.

Mr. Soichiro Minami, CEO of Visional, represented Japan at the EY World Entrepreneur Of The Year™ in Monaco in June 2024

Comment from Mr. Minami

I had no experience in either the internet or the human resources sectors when I started BizReach in an apartment room with my friends. Thanks to the support of so many people, including job seekers, companies, and headhunters, BizReach has become a major presence in this space. When we founded the company in 2009, we asked ourselves, "What kinds of problems are we going to solve?" That was the question that started it all. In the job-change market for skilled talent in Japan at that time, the options open to individuals and companies were opaque, so we felt it was difficult for people to make independent career choices. We thought that if we could create an open platform where individuals and companies could approach each other directly, and expand the options and possibilities for both sides, we could transform for the better the way that Japan works now and in the future. Currently, we are building a system to strategically promote the utilization of human resources, in terms of recruitment, evaluation, training, assignment, through the use of data and technology. Our aim is to support human capital management which adopts a medium to long-term perspective and to improve the productivity of workers and companies.

Participating in EOY

Until now, we have developed a variety of businesses that make an impact on society by resolving domestic issues. By taking part in EOY, I came to realize that our vision and aspirations are in line with the rest of the world. Looking to the future, my plan is to continue learning so that we can continue to change, connect with various people on the world stage, and keep taking on new challenges.



Past Japan representatives

2023	Soichiro Minami	Visional, Inc.
2022	Yoshiharu Hoshino	Hoshino Resorts
2021	Hiroshi Sakurai	Asahi Shuzo Co., Ltd
2020	Kohey Takashima	Oisix ra daichi Inc.
2019	Kiichi Kubota Hiroaki Suga	PeptiDream Inc. PeptiDream Inc.
2018	Hirotake Yano	Daiso Industries Co., Ltd.
2017	Takateru Kawano	TKP Corporation
2016	Motokuni Takaoka	airweave inc.
2015	Nobumasa Tsutsui	Tokai Medical Products, Inc.
2014	Morio Sase	HOTLAND Co., Ltd.
2013	Yasuharu Ishikawa	Cross Company Inc.
2012	Hiroshi Matsumura	Medical Corporation Tokushinkai Group
2011	Akira Yamamura	Ferrotec Corporation
2010	Hitoshi Tanaka	JIN CO., LTD.
2009	Hideki Shoji	TOYO SYSTEM CO., LTD.
2008	Hiroyoshi Ishibashi	Weathernews Inc.
2007	Yoshiro Chikaki	NPC Incorporated
2006	Kiyoyuki Suzuki	Advanced Media Co., Ltd.
2005	Tetsuya Sugimoto	Macromill, Inc.
2004	Takashi Sakamoto	BOOKOFF CORPORATION LTD.
2003	Mitsuhisa Ishikawa	Production I.G., Inc.
2002	Jiro Shindo	Celartem Technology Inc.
2001	Tetsuya Iizuka	THine Electronics, Inc.

(Company names in use when participating in EOY)

Our KPIs based on Stakeholder Capitalism Metrics

EY Japan is the first among its peers to disclose KPIs (LTV metrics) based on *Stakeholder Capitalism Metrics* developed by the World Economic Forum (WEF) International Business Council (IBC), to devote ourselves to creating value from a long-term perspective and to be fully accountable to our stakeholders. *EY24 covers the period from July 2023 to June 2024

Principles of Governance

Aspiring to be the world's most trusted provider of specialized professional services, creating long-term value is an integral part of EY's LTV vision goals.

EY believes that implementing quality improvement activities that consistently aim for high standards everywhere in the world will lead to the creation of long-term value for society.

Items	Goals	FY24 Results
Purpose-driven management that revisits why we exist	<ul style="list-style-type: none">Putting our purpose of <i>Building a better working world</i> into action	<ul style="list-style-type: none">Maintained the practice of Building a better working world through the continued provision of client services based on our purposeReceived "Company of the Year", the best award at British Business Awards 2023
Initiatives to prevent corruption, fraud and unethical behavior	<ul style="list-style-type: none">100% of employees completing the Financial Crime training program (anti-bribery and corruption training)	<ul style="list-style-type: none">Achieved 100% and ongoing
	<ul style="list-style-type: none">100% of employees endorsing the EY Global Code of Conduct	<ul style="list-style-type: none">Achieved 100% and ongoing





Protecting the global environment

Climate change is one of the defining issues for contemporary society. The science is conclusive: we face significant and irreversible human-made changes to the climate.

We know action is urgently needed if we are to protect the planet for future generations.

Items	Goals	FY24 Results
Achieving net zero	<ul style="list-style-type: none"> Achieve its 1.5°C Science Based Targets (SBT)*¹ by FY25 and offset its residual CO₂ emissions through removal from the atmosphere or with carbon credits 	<ul style="list-style-type: none"> Implemented quarterly monitoring and conducted variety of initiatives
Use of renewable energy in EY offices	<ul style="list-style-type: none"> Achieve 100% usage by FY25 	<ul style="list-style-type: none"> Achieved 86.1%
CO ₂ emissions from business travel	<ul style="list-style-type: none"> Achieve a 35% reduction by FY25 (compared to FY19) 	<ul style="list-style-type: none"> Carry out budget versus actual planning and quarterly management of CO₂ emissions from business travel Curtailed CO₂ emissions from business travel despite the 1.7 times increase of EY Japan members than FY19. The emission decreased by 30% compared to FY19.
Circular office	<ul style="list-style-type: none"> Achieve 80% recycling rate for paper and general waste in Tokyo office by FY24 	<ul style="list-style-type: none"> Achieved 77% recycling rate for paper and general waste in Tokyo office Labelled trash bins with detailed instructions on how to separate waste, publicized widely via internal communication
	<ul style="list-style-type: none"> Aim for zero single-use plastic in the Tokyo office's in-house café (achieved in FY22) 	<ul style="list-style-type: none"> Achieved Zero and ongoing
	<ul style="list-style-type: none"> Achieve 100% furniture recycling rate for Tokyo office (achieved in FY22) 	<ul style="list-style-type: none"> Achieved 100% and ongoing
Green procurement	<ul style="list-style-type: none"> Achieve 75% of EY suppliers, by spend, to set SBT by FY25 	<ul style="list-style-type: none"> Achieved 62%
	<ul style="list-style-type: none"> Approach 54 EY suppliers about setting SBT by FY23 (achieved in FY22) 	<ul style="list-style-type: none"> Achieved

*1. Science-based targets (SBT): emission reduction targets based on scientific evidence: Greenhouse gas reduction targets. The goal is to reduce EY's CO₂ emissions in line with climate science and the Paris Climate Agreement's goals to limit global warming to 1.5°C within pre-industrial levels. EY's SBT: EY commits to reduce absolute scope 1, 2 and 3 GHG emissions 40% by FY25 from base year FY19. Within this target, EY commits to reduce absolute scope 1 and 2 GHG emissions 93% and absolute scope 3 GHG emissions from business travel, employee commuting, fuel and energy-related activities, upstream transportation and distribution, waste generated in operations 32% over the same timeframe. EY also commits to increasing the annual sourcing of renewable electricity from 41% in FY19 to 100% by FY25. The targets covering greenhouse gas emissions from company operations (scopes 1 and 2) are consistent with reductions required to keep warming to 1.5°C. *Please note this is as of June 2024

Best talent

At EY Japan, as a professional services firm, we consider every individual is a valuable asset.

To achieve the EY purpose of *Building a better working world*, we believe that it is necessary to create an attractive workplace where each professional can reach their full potential and perform at their best.

Items	Goals	FY24 Results
DE&I (Diversity, Equity and Inclusiveness)	► Women in leadership: Achieve 15% of both PPAPD* ² and manager or higher positions by FY25	► The ratio of women in managers and above: 26.4%
	► Achieve target of 20 registered DE&I preferred suppliers* ³ by FY25	► Registered 6 suppliers
	► Be awarded Rainbow* ⁵ on the PRIDE Index* ⁴ , an index from the work with Pride (wwP) voluntary organization to measure LGBTQ and other sexual minority initiatives at companies and organizations (achieved in FY22)	► Awarded Rainbow on the PRIDE index for the third consecutive year and Gold, the highest rating, for the seventh consecutive year .
	► Attain Inclusive Culture Items Score* ⁶ of 77 by FY25	► Attained 76 points
	► Launch the EY Diverse Abilities Center* ⁷ (achieved in FY22)	► Hired 14 individuals for the Center's third intake in April 2024
Occupational health and safety	► Achieve more than 2,000 participants in well-being initiatives (achieved in FY22)	► 4,325 participants
	► Achieve more than 6 collaborations per year, with experts and external initiatives as well as other internal EY initiatives such as DE&I by FY22 (achieved in FY22)	► Achieved 16 collaborations in a year
	► Introduce a subjective well-being metric in FY23	► Established a subjective well-being metric in July 2023, and conducted surveys, analysis and evaluations for all members, and reported the results at executive meetings and so forth.
	► Introduce and administer the Comprehensive Health Care Index* ⁸ in FY23: Limit the risk of each item to level 3 or less and overall risk to 21 points or less across all service lines.	► Introduced the Comprehensive Health Care Index and achieved a risk score of 21 points and below .
	► Obtain certification as a White 500* ⁹ , Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category) by FY25	► EY member firms EY Strategy and Consulting Co., Ltd., and EY Japan Co., Ltd. have been recognized as White 500, Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category), and Ernst & Young ShinNihon LLC., and Ernst & Young Tax Co., have been recognized as Certified Health & Productivity Management Outstanding Organizations 2024 (Large Enterprise Category).

Items	Goals	FY24 Results
Education and training	► More than 250 participants enrolled in Purpose Training program per year (from FY22 onwards)	► 591 participants
	► Achieve 500 EY Badges ^{*10} by FY22, and a cumulative total of 3,000 EY Badges by FY25	► Achieved 849 EY Badges this year, a cumulative total of 3,732
	► Achieve an average of 60 hours of training per employee in FY22	► Achieved 50.8 hours
Developing a good working environment	► Achieve a ratio of eligible people who take paternity leave and partner's maternity leave ^{*13} of 70% in FY23 and 90% by FY25	► Achieved 79.3%
	► Achieve a retention rate of female employees who have continued to work after giving birth (proportion still on payroll on child's first birthday) of 70% (by FY25)	► 95.5% of female employees taking maternity leave have returned to work
	► Achieve an Engagement Index Score ^{*11} of 70 by FY25	► Achieved 70

*2. PPAPD: Partner, principal, associate partner, and director.

*3. DE&I Preferred Supplier: Registers female entrepreneurs to promote diversity among suppliers.

*4. PRIDE Index: The index was created by the nonprofit group, work with Pride (wwP) as an indicator of how companies have implemented initiatives to promote LGBT+ inclusion in the workplace. The index is composed of the following five categories:

- | | |
|--|---|
| 1. Policy (action statement) | 4. Development (personnel systems and programs) |
| 2. Representation (presence of members of the community) | 5. Engagement/Empowerment (social contribution and PR activities) |
| 3. Inspiration (activities to raise awareness) | |

*5. Rainbow award: The Rainbow award recognizes companies that have promoted initiatives with collective impact based on a mid- to long-term commitment to creating a workplace and society where LGBT+ people can work with pride, along with other stakeholders.

*6. Inclusive Culture Items Score: EY tracks people's perceptions and experiences of EY regularly, based on the idea that inclusiveness is a combination of factors. The results are combined into an Inclusive Culture Items Score.

*7. EY Diverse Abilities Center (DAC): Established in June 2022, a CoE (Center of Excellence) that aims to recruit and improve the working conditions of neurodiverse individuals diagnosed with mental or developmental disorders (developmental disabilities, Asperger's syndrome, autism, etc.). It experiments with flexible workstyles designed to match each person, and aims to provide them with specialist skills and careers.

*8. Comprehensive Health Care Index: EY Japan's unique index calculated as follows:

Absence rate due to mental health issues × 4 + Risks related to brain and cardiovascular disease (long work hours × high risk indicated by a health checkup × 2 + Stress check score × 1)

*9. Certified Health & Productivity Management Outstanding Organization: The Certified Health & Productivity Management Outstanding Organizations Recognition Program was established by the Ministry of Economy, Trade and Industry and accredited by Nippon Kenko Kaigi (an organization that takes practical community- and workplace-based actions, as collaboration between private organizations and with full governmental and administrative support, to extend the healthy lifespan and to provide appropriate medical care, targeting individuals in Japan, a country facing a dramatically advancing aging society with fewer children). The program offers recognition to large enterprises, SMEs and other organizations for excelling in health and productivity management.

*10. EY Badges: A program through which EY people earn credentials in future-focused skills such as data science, AI, and leadership and then share those skills with other EY people and the market at large. EY Badges are considered portable credentials -they are assessed using a global standard and remain valid throughout one's career.

*11. Engagement Index Score: EY regularly tracks people's perceptions and experiences of EY, based on the idea that engagement is a combination of factors. The results are combined in an engagement index.

Creating social value

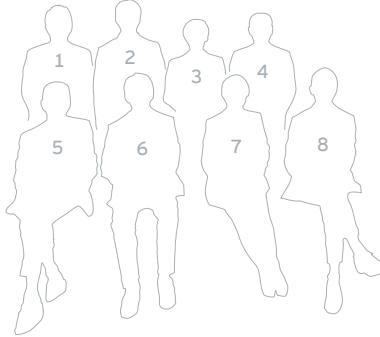
We focus on supporting the next generation workforce, working with impact entrepreneurs, and accelerating environmental sustainability. In each of these areas, we apply our skills where they can make the biggest difference. We extend the value of EY knowledge to people and places we might not otherwise reach.

Items	Goals	FY24 Results
Number of EY Japan people participating in EY Ripples^{*12}	► Achieve 2,326 people in FY24	► 2,875 people participated
Number of lives positively impacted by EY Japan through EY Ripples	► Achieve 795,000 lives in FY23	► 990,000 lives impacted

*12. EY Ripples: A corporate responsibility (CR) program focusing on three main pillars: supporting the next generation workforce to develop mindsets and skills to find and sustain meaningful work; working with impact entrepreneurs; and accelerating environmental sustainability.

Leadership team

(as at 30 June 2024)



1. Kenji Izawa

EY Japan Government & Infrastructure Market Segment Leader, Partner, Ernst & Young ShinNihon LLC.

2. Hiroki Matsumura

EY Japan Financial Services Leader, Partner, Ernst & Young ShinNihon LLC

3. Natsuko Higano

EY Japan Partner in Rotation; Partner, Ernst & Young ShinNihon LLC

4. Yoshio Nagayoshi

EY Japan Chief Talent and Wellbeing Officer

5. Tokuya Takizawa

EY Japan Managing Partner - Markets,
EY Japan Chief Sustainability Officer

6. Satoshi Yoshikawa

EY Japan Managing Partner - Consulting, Representative Director,
EY Strategy and Consulting Co., Ltd.

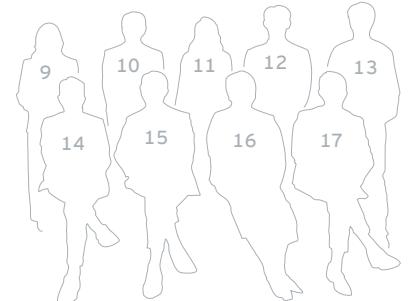
7. Masami Katakura

EY Japan Managing Partner - Assurance, Chairwoman and CEO,
Ernst & Young ShinNihon LLC

8. Moriaki Kida

EY Japan Chairperson & CEO, EY Japan Regional Managing Partner





9. **Hana Ariga Shaver**
EY Japan Chief Risk Officer
10. **Masami Koike**
EY Japan Chief Finance Officer
11. **Yuriko Sato**
EY Japan General Counsel
12. **Yoshitada Ishibashi**
EY Japan Co., Ltd. President
13. **Makoto Enomoto**
EY Japan Chief Branding Officer
14. **Akira Kondo**
EY Japan Managing Partner – Strategy, President, EY Strategy and Consulting Co., Ltd.
15. **Kazuhiro Ebina**
EY Japan Managing Partner – Tax, Managing Partner, Ernst & Young Tax Co.
16. **Megumi Umeda**
EY Japan DE&I Leader
17. **Hidekazu Umemura**
EY Japan Managing Partner – Strategy and Transactions, Representative Director, EY Strategy and Consulting Co., Ltd.

Editor's note

Reshaping society for a better tomorrow - this aspiration, shared by humanity though left largely unspoken, is one that we have given form in the EY purpose. EY cannot achieve this aspiration alone; positive outcomes require us to engage in collaboration and cooperation with all of our stakeholders. In the preparation of this Integrated Report, we had the privilege to learn more about the ideas, opinions and passions of our many stakeholders, both externally and internally within EY. This has reminded us that making progress with others is not about conformity or accepting the unacceptable. Instead, we must be open and respectful, and straightforward and genuine. While this may be considered as a self-evident and inevitable approach, agile and strong relationships built on trust are the result of this approach and provide us with the capacity to build a better society and a better future.

We would like to express our gratitude to everyone who contributed to the preparation of this report. EY is committed to continue taking concrete steps towards a better society and future by collaborating with all the business partners and stakeholders.

EY Japan Integrated Report 2024

Editorial Team

EY | Building a better working world

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